

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Sierra Pacific Power Company for General Rate Relief and for Authority to Increase its Electric Rates and Charges for Electric Service.

Application 05-06-018
(Filed June 3, 2005)

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING AND SCOPING MEMO**

Summary

The Sierra Pacific Power Company (SPPC) applied on June 3, 2005, for authority to increase its rates \$8.1 million in the portions of eastern California that it serves.¹ The increase, for which SPPC originally requested an effective date of January 1, 2006, represents an overall increase of 12.7% for the utility's retail customers.

A prehearing conference (PHC) on the application was held on September 7, 2005. Pursuant to Rules 6(a)(3) and 6.3 of the Rules of Practice and Procedure (Rule), we are issuing this ruling and scoping memo to confirm the proceeding category, establish the issues and timetable for the proceeding, and designate the principal hearing officer.

¹ The application states that SPPC serves California customers located in Nevada, Placer, Sierra, Plumas, Mono, Alpine and El Dorado Counties.

ORA's Protest and Additional Appearances at the PHC

On July 8, 2005, the Commission's Office of Ratepayer Advocates (ORA) protested the application. The protest asserted that the documentation in SPPC's application was thin on a number of issues, and stated that ORA would need to evaluate the responses to data requests it had propounded to SPPC before ORA could determine the positions it would take on these issues. ORA also indicated that it would propose a procedural schedule at the PHC.

At the September 7 PHC, several other parties moved to intervene in the proceeding. The Utility Reform Network (TURN) requested intervenor status, and stated that the issues in which it was interested were likely to include depreciation and marginal cost.² Intervenor status was also sought by the A-3 Coalition, a group of large commercial industrial customers that take service from SPPC under the utility's Schedule A-3 tariff.³ The A-3 Coalition's counsel indicated that the organization's work in the proceeding was likely to focus on revenue allocation and rate design issues as they affected the cost allocations and marginal costs applicable to the A-3 Coalition's members. Near the conclusion of the PHC, the assigned Administrative Law Judge (ALJ) granted the petitions of TURN and the A-3 Coalition to intervene in the proceeding.

² In response to TURN's comments, SPPC agreed to file the new depreciation study it is submitting to the Public Utilities Commission of Nevada as a supplement to its application in this proceeding. The new depreciation study was filed on October 3, 2005.

³ According to the A-3 Coalition's counsel, its members include the Barton Health Care System, Embassy Suites Lake Tahoe Resort, Heavenly Valley Limited Partnership, Lake Tahoe Unified School District, Marriot Vacation Club, and Trimont Land Company d/b/a North Star Lake Tahoe. (PHC Transcript, p. 5.)

The Western Manufactured Housing Community Association (WMHCA) filed a written PHC statement and also appeared at the PHC as an interested party. In its PHC statement, WMHCA stated that its primary interest in this proceeding is to ensure that the rate differential required by Pub. Util. Code § 739.5(a) and various Commission decisions is sufficient to enable WMHCA's members to recover the costs of providing submetered service to the residents of the mobile home communities that WMHCA members own.

Scope of the Proceeding

This proceeding will address the following issues:

- a. What revenue requirements, rate designs, and rates should be ordered for the areas of California that SPPC serves, beginning on the effective date of the new rates?
- b. What should the Commission adopt for the standard components underlying its adopted revenue requirement and rate design? These components include but are not limited to: (1) itemized results of operation at present and adopted rates; (2) financial structure, cost of debt and equity and return on rate base; (3) growth and sales forecasts; (4) additions to transmission and distribution plant and related expenses; (5) depreciation rates and reserves; and (6) marginal cost.

Schedule

At the PHC, SPPC and ORA jointly proposed a new procedural schedule on which they had reached agreement. After discussing this schedule with the intervenors who appeared for the first time at the PHC, all parties were able to agree upon the following schedule, which is hereby adopted:

ORA and intervenors serve testimony on SPPC's results of operations	November 21, 2005
All parties serve rebuttal testimony on results of operations; ORA & intervenors serve testimony on revenue allocation, rate design & marginal cost	December 7, 2005
All parties serve rebuttal testimony on revenue allocation, rate design & marginal cost	December 23, 2005
Parties file a joint statement of material facts to be adjudicated in hearings	January 18, 2006
Hearings	January 23-27, 2006
All parties file Opening Briefs	February 24, 2006
All parties file Reply Briefs	March 10, 2006
ALJ issues proposed decision (PD)	May 2006
Commission considers PD at business meeting	June 2006

Prior to the hearing dates set forth above, the parties are directed to meet and confer pursuant to Rule 49(b) to settle issues to the extent they are able, and to determine the issues, if any, that must be adjudicated through the hearing process.

Resolution of this proceeding is anticipated by June 2006.

Categorization and Need for Hearing

This ruling confirms that this is a ratesetting proceeding and that a hearing is required, as preliminarily determined in Resolution ALJ 176-3154.

Principal Hearing Officer

ALJ A. Kirk McKenzie is hereby designated as the principal hearing officer pursuant to Rule 5(l), and will thus be the presiding officer pursuant to Rule 5(k)(2).

Final Oral Argument Before the Commission

Any party wishing to exercise the right under Rule 8(d) to make a final oral argument before the Commission must file a written request therefor and serve it on all parties and on the assigned Commissioner and assigned ALJ not later than the submission date, which is expected to be the date of filing of the reply briefs (*i.e.*, March 10, 2006).

Pursuant to the discussion set forth above, **IT IS RULED** that:

1. The issues to be considered are those described in this ruling.
2. The schedule for the proceeding is as set forth herein.
3. This is a ratesetting proceeding.
4. A hearing is necessary.
5. Administrative Law Judge (ALJ) A. Kirk McKenzie is designated as the principal hearing officer.
6. Prior to the hearing dates set forth in the schedule adopted herein, the parties shall meet and confer to determine which issues can be settled and to determine those that will require adjudication through the hearing process.

7. Any party wishing to make a final oral argument before the Commission must file a written request therefor and serve it on all parties and on the assigned Commission and assigned ALJ not later than the submission date.

Dated October 7, 2005, at San Francisco, California.

/s/ JOHN BOHN
John Bohn
Assigned Commissioner

/s/ A. KIRK MCKENZIE
A. Kirk McKenzie
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner and Administrative Law Judge's Ruling and Scoping Memo on all parties of record in this proceeding or their attorneys of record.

Dated October 7, 2005, at San Francisco, California.

/s/ TERESITA C.GALLARDO

Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at

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(415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.